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## Land Acquisition Guidelines for Nonprofit Conservation Organizations Seeking Grants from the Department of Natural Resources

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Nonprofit conservation organizations (NCOs) applying to the Department of Natural Resources for grants to purchase land or partial interests in land (easements) must follow certain acquisition, appraisal and relocation procedures in order to be eligible to receive grants. Failure to comply with these procedures may disqualify an organization for funding. These procedures are designed to ensure fairness, meet federal and state government requirements, and also protect the interests of landowners, NCOs and the state.

There is a Community Services Specialist (CSS) in each of the five DNR Regions who can answer any questions you have and also guide you through these procedures. Please feel free to call this person whenever you have a question. Their telephone numbers are listed on the last page.

### **Landowner Notification**

All negotiations between a landowner and NCO must be conducted on a "willing seller - willing buyer" basis, that is, without coercion. Pursuant to NR. 51.03(7), if an NCO plans to apply for a grant under the Stewardship Program, it must notify the landowner in writing of its intent to do so and also indicate that any grant it receives will be based on Department approved property valuation guidelines.

The simplest way to do this is by including the following statement in either the Option to Purchase or the Offer to Purchase:

"*Name of Group* may apply for a grant under the Stewardship Program. Any grant it receives will be based on Department of Natural Resources property valuation guidelines."

If an NCO cannot purchase a property unless assured of receiving a grant, it may also wish to add this statement:

"This option is contingent upon receipt of a state grant."

Another way to notify a landowner is to send a letter (see Exhibit A for a sample).

### **Environmental Hazards Report**

Grant payments cannot be made until the Department has received and approved an Environmental Hazards Assessment Report (DNR Form #1800-1) indicating that a property contains no existing or potential undesirable environmental conditions or hazards. This is an extremely important part of the acquisition process and should be undertaken by the NCO as soon as feasible, preferably before an Offer to Purchase is signed. The long-term financial ramifications of purchasing property with environmental hazards are significant and could conceivably destroy the financial viability of an organization.

Use the Environmental Hazards Assessment Report form as a guide to assist you in doing an adequate inspection of a property.

If it is determined that there is potential liability due to hazardous conditions, the Department may reject the grant application on that basis. Likewise, an NCO should reconsider its decision to purchase. If the condition is questionable, the Department may ask the NCO to arrange for a complete environmental audit by personnel approved by the Department to determine the full extent of the problem. An NCO is eligible for 50% grant assistance for such an audit if it receives a grant for the

parcel.

## Appraisals

Because the amount of a grant award is based on appraised fair market value, not the purchase price, property appraisals are required for all grants for property acquisition. One appraisal is required for property valued below \$200,000; two are required for property above \$200,000. The Department may also request a second appraisal for property valued under \$200,000 if the property presents a difficult appraisal problem or the initial appraisal does not meet Department standards.

All appraisals must comply with established Department guidelines. Appraisals prepared under these guidelines adhere to the Uniform Standards of Professional Appraisal Practice and the Uniform Appraisal Standards for Federal Land Acquisition. The Department has prepared a technical bulletin which explains these standards in detail. For a copy, ask your CSS for the *Real Estate Appraisal Guidelines*, revised in 1995.

If the property has a market value above \$50,000, a Full Narrative Report is required. If the market value is between \$15,000 and \$50,000 and if the appraisal is an uncomplicated one, a Short Form appraisal is adequate. When the market value is under \$15,000, an Opinion of Value is satisfactory if the appraisal is uncomplicated and the expense of purchasing a more extensive appraisal would be excessive in relation to its value. These different types of appraisals are explained in the *Real Estate Appraisal Guidelines*.

Appraisals must be performed by State Licensed or Certified Appraisers depending on property type. The use of General Certified Appraisers is recommended as they can appraise all types of property without value limits. Licensed and Residential Certified Appraisers may only appraise non-residential real estate up to a value of \$250,000, and residential property to \$1,000,000.

All appraisals are subject to Department review and approval. Because the Department cannot accept an appraisal which fails to conform to the standards, we recommend you choose an appraiser who is familiar with Department guidelines and has previously completed acceptable work in public land acquisition. Your local DNR Real Estate Supervisor will work with you and the appraiser you choose to obtain an appraisal which complies with the guidelines (your CSS can provide you with the name of the Real Estate Supervisor).

We also recommend you and the appraiser agree beforehand that payment will be made only if the appraisal meets Department standards. This should include any additional time required by the appraiser to bring the appraisal report into conformance. You may wish to get several bids for an appraisal, as the cost can vary significantly.

If you have difficulty locating a qualified appraiser, check with your CSS for assistance. The DNR Real Estate Supervisor may also grant a written exception for routine appraisal assignments under \$50,000 to permit appraisals by unlicensed or uncertified appraisers if there are no qualified appraisers available to complete the work in a timely manner.

Before the appraiser can proceed, a legal description or survey of the area to be appraised **must be provided** to the appraiser, along with information about any rights, encumbrances or uses being retained by the landowner. The appraiser should value **only** the property rights being purchased by the NCO. Failure to provide this information could invalidate an appraisal.

In general, the Department will not provide grants for the purchase of houses or outbuildings even if they are within project boundaries unless there is a compelling reason to do so. If a parcel with buildings is purchased by an NCO, the value of the buildings and land immediately surrounding those buildings will, in most cases, be deducted when determining grant amounts. (The number of acres deducted may need to be sufficient to meet local zoning requirements.) **This will have a significant impact on DNR appraisal needs so it is important to discuss this with your CSS before ordering an appraisal.**

Timing is a critical factor when ordering an appraisal. On the one hand, an NCO may not want to incur the expense of the appraisal unless it is assured of receiving a grant. On the other hand, the appraisal must be done in a timely manner or the appraised value will not accurately reflect the market value at the time of the sale. While an NCO does have some flexibility as to when it orders an appraisal, the effective date of the actual valuation should be within one year before or up to the date of purchase by the NCO. **The effective date of the value should not be after the date of purchase.**

The appraisal process is detailed and can be lengthy. We recommend that you order the appraisal as early in the acquisition process as feasible. It frequently will be to your advantage to do so. If you do the appraisal before you actually execute an Offer to Purchase, you will know the market value of the land before you negotiate a price. In addition, you will know how much grant funding you are eligible to receive which could affect the amount you can offer for the property.

### **Relocation Benefits**

Relocation is a program governed by federal and state laws which protects persons displaced by public projects or projects that receive public funding. The purpose of relocation laws is to ensure that persons are treated fairly and compensated fairly for their property and for any other losses incurred as a result of a publicly funded project.

Any organization which receives grant funds for more than 10% of acquisition costs from the state or federal government must comply with relocation laws. This means that if an NCO receives a grant from the Department for property whose purchase will cause the involuntary relocation of a tenant, the tenant is eligible for relocation assistance from the NCO. The dollar amount of this assistance is set by the Department of Commerce which administers relocation laws. Relocation costs vary greatly depending on the situation, but they rarely exceed \$5,000. NCOs are eligible for 50% grant assistance for relocation.

The responsibility for complying with required procedures rests with the buyer under state and federal law. If a tenant is being displaced, the NCO may have to prepare a Relocation Plan in accordance with Department of Commerce guidelines or it may receive a written determination from the Department of Commerce that relocation payments are unnecessary. Information pamphlets on relocation benefits can be obtained by contacting the Relocation Office, Department of Commerce, Division of Community Development, 123 West Washington, Box 7970, Madison, WI 53707. The telephone number is 608-264-7822.

An owner who voluntarily sells a property to an NCO is not considered a displaced person under the relocation laws, nor is a tenant who can remain permanently on a property subject to normal rental conditions.

If a tenant voluntarily decides to move, either at the time of the purchase or later, the NCO should have that tenant sign a statement indicating that the decision to move is a voluntary one.

### **Title Insurance**

Title insurance or other evidence of marketable title must be approved by the Department for both land and easement acquisitions. Any property subject to a reversionary right or which has restrictions or covenants that limit the ability of the property to be managed for conservation or public recreational purposes will not be eligible for a grant.

NCO's sometimes make the mistake of ordering their title insurance policy near the end of the grant process. This can cause considerable difficulty if the Department receives a title commitment shortly before a closing and discovers the title has major defects which either disallow the grant or stall the process until the matter is cleared up. This has occurred on several occasions so we recommend that

you send us a copy of your title commitment as soon as possible after a grant has been approved.

### **DNR Regional Offices**

If you have any questions about these guidelines or anything else relating to grant programs available to NCOs, please contact a Community Assistance Specialist (CSS) in your Region.

1. South Central Region: Stefanie Brouwer, 3911 Fish Hatchery Rd., Fitchburg, WI 53711 608-275-3218  
Counties: Columbia, Crawford, Dane, Dodge, Grant, Green, Iowa, Jefferson, Lafayette, Richland, Rock, Sauk
2. Southeast Region: Dan Kaemmerer, Box 12436, Milwaukee, WI 53212 414-263-8704  
Counties: Kenosha, Milwaukee, Ozaukee, Racine, Sheboygan, Walworth, Washington, Waukesha
3. Northeastern Region: Jeff Pagels, Box 10448, Green Bay, WI 54307 414-492-5821  
Counties: Brown, Calumet, Door, Fond du Lac, Green Lake, Kewaunee, Manitowoc, Marinette, Marquette, Menominee, Oconto, Outagamie, Shawano, Waupaca, Waushara, Winnebago
4. West Central Region: Karen Blodgett, Box 4001, Eau Claire, WI 54702 715-836-6574  
Counties: Adams, Buffalo, Chippewa, Clark, Dunn, Eau Claire, Jackson, Juneau, LaCrosse, Marathon, Monroe, Pepin, Pierce, Portage, St. Croix, Trempealeau, Vernon, Wood
5. Northern Region: Pat Zatopa, 107 Sutliff Ave., WI 54501 715-365-8928  
Counties: Florence, Forest, Iron, Langlade, Lincoln, Oneida, Price, Taylor, Vilas  
Ashland, Barron, Bayfield, Burnett, Douglas, Polk, Rusk, Sawyer, Washburn,

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EXHIBIT A: SAMPLE NOTIFICATION LETTER

Jane and John Landowner  
1482 Beautiful Street  
Anywhere, Wisconsin

Dear Mr. and Mrs. Landowner:

The purpose of this letter is to advise you that the *Name of Organization* intends to apply for a Stewardship grant from the Wisconsin Department of Natural Resources to cover part of the costs of acquiring your property. If we receive a grant, the amount of the grant will be determined by Department property valuation guidelines.

It has been a pleasure to work with you. *Name of Organization* appreciates the opportunity to preserve the natural beauty of your land for the people of Wisconsin.

Sincerely,